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PRESERVATION AND AFFORDABLE HOUSING
The Challenge and Provision of Affordable Housing
Delivering Affordable Housing in the Inner City: Newark, NJ
An Overview

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May 23, 1990

THE DEMAND FOR HOUSES IN NEWARK IS AT PRESENT VERY GREAT AND THE SUPPLY HAS ALMOST ENTIRELY CEASED. RENTS, ALSO ARE GENERALLY HIGH, AS LANDLORD'S ARE ABLE TO OBTAIN THEIR OWN PRICES WITHOUT DIFFICULTY. BUT FEW HOUSES ARE OFFERED FOR SALE. IT IS A MATTER OF SURPRISE THAT SO FEW OF OUR CAPITALISTS SEEM TO APPRECIATE THE PROPRIETY OF ERECTING HOUSES FOR THE PEOPLE TO LIVE IN. THERE COULD BE HARDLY ANY MORE PROFITABLE INVESTMENTS OF CAPITAL, AND THE PROSPERITY OF OUR CITY WOULD BE GREATLY INCREASED BY THE MULTIPLICATON OF DWELLINGS IN SUCH NUMBERS AS TO ACCOMODATE OUR CONSTANTLY INCREASING POPULATION, WHICH MUST OTHERWISE BE DRAWN TO OTHER LOCALITIES WHERE HOUSES CAN BE OBTAINED. (Newark Daily Advertiser, October 19, 1865)

This article appeared in the Newark Daily Advertiser, October 19, 1865. As I began to think about presenting an overview of affordable housing in the City of Newark I spoke with Charles Cummings of the New Jersey Reference Division of the Newark Public Library. The Library has an incredible collection of newspaper articles and papers regarding housing in the City. The housing issues of today are not all that different than they were over 100 years ago.

An article in Harpers Magazine in 1867 notes the 90% increase in the population of Germantown (the Clinton Hill district) and the

influx of German workers requiring housing. Samuel Popper in his doctoral dissertation -- Chapters in American Cities 1870-1910 noted that before 1890 there is meager information on Newark's housing stock but it appears that up until then one and 2 family homes of wooden construction reflecting life in an industrial community were predominant. There were few apartment houses of the modern type in Newark in 1880 and those who lived in them paid a rental that was about half that paid in New York City.

In 1887, the Newark Board of Trade pushed for housing for artisians patterned after Philadelphia. In the interest of Newarks future and industrial prosperity they sought private capital but when it was not forthcoming they supported a cooperative building movement which crystalized into building and loan associations. Many working people used the associations to acquire homes. However, those homes were built with thrift in mind and not necessarily housing built to last last 100 years. However, for a time it appeared that the building and loan associations had actually helped to prevent "the evils of overcrowded tenements". But, the increasing demand for affordable housing could not be met.

Residential neighborhoods increased in which tenement houses were the predominant feature. Many became slums before the end of the first decade of the new Century.

In 1910, Conditions described were straight out of Jacob Riess, the railroad flat was the most frequently found apartment in these

tenements with dimly lit rooms, enclosed, yards unvented conveniences. Into some of these apartments around 1910 crowded four or five families of "newly arrived unskilled workers."

It is clear that from the comments of contemporary observers that by 1910 some crowded and socially unwholesome slum districts existed in Newark. Stuart Galeshoff said Newark was the Nations Unhealthiest City. The root causes of Newark's unsalubrious condition was its rapid unplanned growth. Industrialization and immigration created demands on the environments that could not be met.

In 1904 the State Board of Tenement House Supervision Act was created. Before its passage, builders were free to erect tenement houses of flimsy character, often veritable fire traps, unprovided with proper sanitary provisions, deficient in light and ventilation and in every way sources of danger and life and health.

As of 1918 under this act 4,317 tenement houses were constructed of those 3,239 were wooden frame and 1,073 brick.

Many of these were razed by urban renewal in the 50's by arson for profit in the 60-70's or just wore out.

In 1920 a tent city was erected in a Vailsburg Playground when workers thronging to the city occupied every available inch of shelter space.

Throughout the decades I reviewed via the local newspapers, the political patronage, corruption and religious, ethnic and racial divisions contributed to the lack of solid affordable housing.

John Cunningham in his new book NEWARK has succinctly written As Gibson took office thousands of abandoned and ruined buildings, evidence of decades of neglect were visible in every part of the City. The racial tensions of the proposed Kawaida Towers a 210 unit in the North Ward inflamed emotions. However no piece of Newark land ever stirred passions more than the blocks of rundown housing which after residents were displaced stands UMDNJ. A passage in Riot to Recovery ponders -- What do you do when you're poor and black and the man at the door says you've got to move to make way for a medical school, and would you accept relocation to a public housing project. You fight and fight hard.

The bulk of housing in the Central Ward in the 1960's was two-to-four-story low-rise tenement housing. Interspersed with the old-stock housing were relatively new high-rise public housing projects such as Scudder Homes. For the most part the housing was dangerous and unhealthy, old wooden structures with no fire-rated party walls and inadequate means of egress. In addition the housing people were forced to be relocated to was typical of the most unsuccessful and uninhabitable ever used in an American setting.

The history of the Newark Housing Authority is another topic for another discussion. Housing built to provide jobs and clean u
neighborhoods today stands in disrepair, many units boarded up .
Public housing demolition has recently been the subject of an

historic court decision requiring the creation of replacement housing. Suffice to say that over the years headlines proclaimed the need for affordable housing and applauded new housing starts. I could not believe one headline actually proclaimed the end of housing bias as nine negro families were moved into formerly restricted units.

Where are we today? The deficit of affordable housing in Newark and indeed through the State is yet again a cause for public concern. One of the most pressing human concerns in the city is homeless families which has at its core the worsening shortage of affordable housing for low income families. This critical housing shortage is due in part to the accumulated loss of housing units and lack of reinvestment in the City over the past thirty years and the inadequacy of the Housing Authority. Twenty years ago the Lilley Report --The Governors Commission on Civil Disorders reported that housing was the most significant issue in New Jersey and for Newark the housing situation was much worse.

It is frustrating that the City did not take more positive advantage of federal housing funds and leveraging of tax incentives in partnership with community groups during the Gibson years when subsidies and tax incentives were more readily available for low-income rental units.

Now as the City government and private investors are willing to take an active role in housing development, the lack of traditional federal, local and private financing which could

subsidize the cost on any meaningful scale precludes development of affordable low income families. (The City is overwhelmed with proposals from private developers for moderate and high income projects.)

Even New Community Corporation which circumvented the local politics and took advantage of all the subsidies available in the past, says that it cannot at present produce housing that is affordable to low income residents unless creative mechanisms are developed to lower the costs. New Community Corp leadership is calling for a state dedicated tax for housing in New Jersey.

The problem in a nutshell is that low income people cannot pay enough rent to make a low-cost project profitable without subsidies. Thus, low income units are not being produced to meet the need. Investors perceive that the only type of housing that makes sense--to buy or to hold-- is that which is profitable on a cash flow basis.

The hope for the immediate future is for low and moderate income housing to be produced by nonprofit organizations dedicated to community economic development

Just as the building and loan associations provided capital for factory workers to acquire homes, many nonprofits in the city are using intermediary organizations to provide capital. A few of these community organizations have become major community development organizations.

The Newark Collaboration Group initiated three major efforts in Newark which are producing affordable housing units by

subsidizing the cost of development.

NCG encouraged the formation of the Newark Housing Partnership a \$48 million pool for construction and mortgage loans made through a consortium of city state agencies as well as non profit and financial institutions.

In 1986 the Collaboration raised funds to match a challenge grant from the Local Initiatives Support Corporation. LISC was established in 1980 by Ford Foundation. It is a national organization which provides financial and technical assistance to community development corporations. Two of the first commitments were to community groups dedicated to making affordable housing available--Unified Vailsburg Services Organization which is rehabing older homes and University Heights Neighborhood Corporation which is developing 45 units of low-moderate income condominiums. The Newark LISC program has provided local CDCs with more than \$900,000 in loans and grants for the redevelopment of \$10 million worth of housing and commerical property in Newarks neighborhoods. LISC has most recently opened a Newark office to address the challenge of building low-income rental units.

Enterprise Foundation, created by Jim Rouse to help the very poor help themselves to decent livable housing was invited to Newark by the Collaboration. Enterprise helps neighborhood groups enlarge their capacity to reduce housing cost, obtain low rate financing, find local business support, establish job placement agencies and provide other social services. They have committed

to providing 200 units of low income housing in the City. The first Enterprise effort is with LaCasa de don Pedro. for a 40-unit modular townhouse project on Broadway.

The Collaboration helped Donald Harris obtain a 2.3 acre site bounded by South Orange and 13th Avenue. This ^{Ugo} Vogue Housing Corp signaled the frenzy of new "homeowners" in the City. When the first fifty houses sold at prices ranging from \$69,000-72,000, the project was hailed a success and University Heights was born. The original 2.3 acre University Heights quickly grew into an area ten times larger with 650 homes. The development firm of K. Hovananian teamed up with Harris. The developers set aside 12-15% of the second phase housing at University Heights for low and moderate income buyers. David Schulz notes that within a year this type of development had spread through Newark, By the end of August 1987, there were almost 2,500 new homes under construction in the city; this was the first instance of market rate housing construction in Newark since 1970. In September 1987, plans for seventy more low-to moderate income units in University Heights were revealed by the University Heights Community Council and Development Corp. By November 1987, more than 4,500 new housing units, worth over \$470,000,000 were being built or were in planning stages in Newark. The growth was remarkable

Preservation or reuse of existing buildings has not gone particularly well in Newark although there are a few good examples. I believe the lack of reuse or historic preservation is in part because of the lack of

solid housing available for rehab and the lack of participation on the part of City with neighborhood groups when the buildings were not beyond saving.

What is needed now to encourage and provide low income housing units?

Just as the building and loan associations provided capital for factory workers to acquire homes, we must now take advantage of the non-profits willing to devote energy and resources to the development of low income units.

A stronger infrastructure of support organizations must be called upon to provide help to non profits. The support organizations can provide the funding and or technical assistance.

necessary to create affordable housing. Intermediary organizations, can provide valuable brokering services obtaining new corporate, foundation and local government support for community based groups.

The City needs to encourage and support the activities of non-profits.

Good housing proposals gets bogged down in the City bureauracy.

The City needs to have a clear commitment to making the process work for non-profits including land disposition, tax abatement, standardized planning and zonning policies and access to federal monies.

Private foundations have also contributed significantly to the capacity building of local community development corportions. The clear message I hear from the neighborhoods to foundations is

to encourage local problem definition and capacity building rather than creating an ever-expanding system of social services for those without housing.